

Office of Attorney General Terry Goddard



STATE OF ARIZONA
DEPARTMENT OF LAW
1275 W. WASHINGTON STREET
PHOENIX, ARIZONA 85007-2926
WWW.AZAG.GOV

ANNE TITUS HILBY
PRESS SECRETARY
PHONE: (602) 542-8019
CELL PHONE: (602) 725-2200
ANNE.HILBY@AZAG.GOV

FOR IMMEDIATE RELEASE

Settlement to Help Victims of Telecommunications Fraud

(Phoenix, Ariz. – November 7, 2008) Attorney General Terry Goddard today announced a settlement that will provide \$430,000 in debt forgiveness for Arizona fraud victims still being required to make rental payments on a telecommunications device that is worthless. Nationwide, the settlement calls for some \$6 million in debt forgiveness for more than 300 customers.

Goddard joined Attorneys General from 19 states and the District of Columbia in the nationwide settlement with IFC Credit Corporation (IFC). The settlement relates to a widespread telecommunications fraud involving NorVergence, Inc., a bankrupt New Jersey-based telephone equipment and service company. The settlement comes in the form of an Assurance of Voluntary Discontinuance and does not constitute an admission of wrongdoing,

NorVergence's deceptive sales pitch offered to reduce local telephone, long-distance telephone, wireless and Internet services, using purportedly high-tech devices called "Matrix" boxes. But these boxes were actually just data routers that cost NorVergence only between \$500 and \$1,500. NorVergence promised consumers a possible 30 percent reduction in their telecommunications bills.

NorVergence typically required an equipment rental agreement for three to five years at a monthly rate of \$200 to \$4,000 per month, but the Matrix boxes did not provide the promised telephone or Internet services. NorVergence had more than 9,000 customer accounts nationwide. A majority of the customers were small businesses, non-profit organizations and local government entities.

After securing contracts with businesses, NorVergence sold the rental agreements to approximately 40 different companies, including IFC.

Goddard and other state Attorneys General have alleged the NorVergence contracts were fraudulent. The Federal Trade Commission also launched an investigation, and some consumers have filed class-action lawsuits seeking to collect on the NorVergence leases.

While IFC denies any wrongdoing, the company has agreed to forgive 82 to 84 percent of the unpaid lease payments due as of July 15, 2004 under the NorVergence contracts, not including sales or property taxes.

NorVergence customers will be contacted directly by IFC with information on how to participate in this settlement agreement.

Joining Goddard in the agreement were Attorneys General from Colorado, Connecticut, Florida, Illinois, Kansas, Louisiana, Maryland, Massachusetts, Michigan, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Texas and the District of Columbia.

Arizona has joined in four prior multi-state settlements with companies that purchased NorVergence rental contracts: TCF Leasing, U.S. Bancorp Equipment Finance Group, Wells Fargo Financial Leasing Co. and National City Commercial Capital Company LLC. In addition, Arizona reached its own settlement agreement with Popular Leasing USA, Inc.

Assistant Attorney General Vince Rabago handled this matter. For additional information, contact Megan Erickson at (602) 542-8012.

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